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DIA and DOS review(s) completed.

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	CONTENTS	
		•
	Laos: New signs of tension within army leadership. (Page 5)	
*	Iran - Saudi Arabia: Relations damaged by Iran's gunboat diplomacy. (Page 6)	
	Jordan: King Husayn's authority may have slipped a bit. (Page 7)	
_	Denmark: Three-party coalition government is formed. (Page 10)	
	Czechoslovakia - West Germany: Bonn will soon open a permanent trade mission in Prague. (Page 11)	
	Venezuela: Kidnap plans (Page 12)	
		25



Laos: There are new signs of tension within the army leadership.

General Phasouk Somly, commander of a key southern military region and one of the few capable Lao military leaders, submitted his resignation to the King on 27 January. Although there was no prior warning that Phasouk contemplated quitting, he has long chafed over what he regards as lack of adequate material support from Vientiane and excessive interference by the higher echelon there.

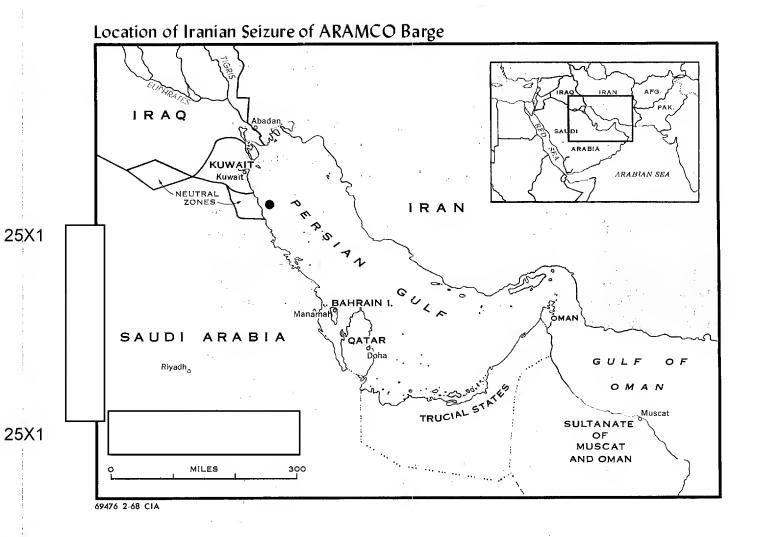
Phasouk has said that his relations with the general staff have become more strained as his political power in the south has grown and that Vientiane's hostility reflects its continuing fear of southern regionalism. Phasouk also claimed that his close association with the US was a major source of irritation in Vientiane.

Phasouk probably intends his resignation as a device to draw attention to his grievances and probably does not actually wish to relinquish his command. He probably calculates that Prime Minister Souvanna will induce him to withdraw his resignation.

	Nonetheress, Phasouk's restiveness is only the
	latest and most explicit expression of the backbiting
	that has gripped the Lao armed forces in the wake of
	recent sharp military setbacks.
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<u>Iran - Saudi Arabia:</u> Relations between the two states took a turn for the worse yesterday when Iran seized an ARAMCO oil-drilling barge.

The incident had its origins in a dispute over drilling rights in the Persian Gulf. Last month the Iran Pan American Oil Company began to drill in a part of the Persian Gulf where Saudi Arabia has the mineral rights. ARAMCO thereupon sent an oil-drilling barge to a point east of the Iranian rig but still within the Saudi zone.

The Iranian Government gave ARAMCO a deadline for removing the rig, and, when it expired, Iranian forces boarded the barge. They took its crew of ten Americans and 59 Saudis into custody, along with a Saudi official who had flown out to talk to the Iranians.

The Shah apparently has ordered the release of the personnel and may allow ARAMCO to tow its barge back to Saudi Arabia. If ARAMCO does not remove the barge, the Iranians have indicated that they will probably seize it. In light of possible legal complications, ARAMCO may be reluctant to withdraw.

The original Iranian action may have resulted in part from the Shah's anger over a recent statement by King Faysal supporting the "Arabness" of Bahrain Island, which Iran has claimed for two centuries. Shortly after yesterday's incident, the Shah canceled a scheduled trip to Saudi Arabia.

The barge incident will almost certainly confirm the suspicions long held by Arab states around the Gulf that Tehran hopes to dominate the area following the withdrawal of British military forces. At a minimum, the affair illustrates the difficulties the Persian Gulf states will face in trying to develop cooperation.

Jordan: [A general loosening of authority appears to be taking place in Jordan.]

King Husayn's personal position has not changed markedly in the past few weeks, although he reportedly is demonstrating an increasing aversion to tackling serious problems. No opposition group has yet taken shape, but senior army officers have privately criticized the King's determination to maintain ties with the West and his failure to obtain Soviet arms. In addition, both the British and American ambassadors in Amman have expressed concern over the extent of anti-American sentiment shown by Jordanians from the ministerial level on down.

2 Feb 68

7

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Denmark: Hilmar Baunsgaard has put together a three-party coalition and is expected to present a list of cabinet ministers to the King today.

Baunsgaard, a leader of the centrist Radical Liberal Party, will be Denmark's first non-Socialist prime minister in almost 15 years. He probably will choose the Moderate Liberal leader Poul Hartling as foreign minister, and Conservative Party spokesman Poul Mollor as finance minister. The cabinet may be cut from 19 to 15 with each coalition partner holding five portfolios.

Nothing is known about the agreements the three parties reached on defense and foreign policies. The Radical Liberals have long advocated a referendum on Denmark's participation in NATO, while the other two parties are strong supporters of the alliance. The coalition is expected to cut defense and other spending and to raise taxes.

The new government faces rising public pressure

to redefine US treaty rights in Greenland as a result of the lost H-bombs. Some newspapers and political commentators are questioning the need for the US to
maintain the base at Thule.

Czechoslovakia - West Germany: Bonn will soon open a permanent trade mission in Prague.

An agreement for such a mission was reached last August, but the Novotny regime delayed formal approval of it, presumably because of the crisis in the Czechoslovak leadership. Shortly after the change in party leadership, the new Dubcek regime assured the West Germans that the agreement would be signed within a month, pointing out that the delay was caused solely by domestic political problems.

The 25-man German mission will have semidiplomatic status and will perform certain consular functions. The West Germans hope that the mission can later be parlayed into an embassy.

Prague is the last of the five East European capitals approached by West Germany to agree to such a mission. Although perhaps unrelated, Prague's action came just a day after party boss Dubcek returned from a 'get acquainted' meeting with Soviet leaders in Moscow and coincided with the resumption of diplomatic relations between West Germany and Yugoslavia.

Any new formal, or even informal, contacts between Prague and Bonn will increase the suspicions of the East German and Polish regimes about the future policies of the Dubcek leadership with respect to the West Germans. Both of these states have been working to prevent Bonn from expanding its relations in Eastern Europe.

NOTE

Venezuela: Leftist extremists reportedly plan
to kidnap Major General Chester L. Johnson, com-
mander of US Army Forces Southern Command, who
is visiting Venezuela. The Venezuelan police, who
claim to have discovered the plan and identified the
principals, are taking additional security measures
along the general's tour route. US military person-
nel have been kidnaped twice before in Venezuela,
and another attempt would not be unlikely now in

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2 Feb 68

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